

Central Intelligence Agency



Washington, D. C. 20505

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1 July 1985

Colonel Harold Brown
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The Pentagon
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Washington, D.C. 20301

Dear Colonel Brown:

In response to your request at our meeting on 10 June 1985, I am enclosing information concerning ESPRIT (the European Strategic Program for Research in Information Technologies).

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ESPRIT is a European Community (EC) high-technology program to do precompetitive research as part of a medium-term West European effort to improve competitiveness in information technologies. The program is slated to last 10 years. In February 1984, the Council approved funding of approximately \$550 million for the first five-year phase of the program. This figure is to be matched by an equal contribution from companies participating in ESPRIT. In July 1984, the EC Commission selected projects from the 441 proposals submitted for consideration. The Commission signed contracts for a total of 104 projects involving 270 companies, universities, and research institutions on 24 January 1985. Below are listed the five areas of ESPRIT research, the number of projects in each area, and the EC funding for each area:

<u>Areas of Research</u>	<u>Number of Projects</u>	<u>EC Funding (\$ million)</u>
Microelectronics	27	27
Office Automation	23	30
Software Technology	14	21
Information Processing	21	13
Computer Integrated Manufacturing	19	39
TOTAL	104	130

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The four largest West European economies dominate participation in ESPRIT. They account for 247 of the 270 partners in approved projects:

<u>Country</u>	<u>Number of Partners</u>
West Germany	70
United Kingdom	67
France	64
Italy	46
Others	23
TOTAL	270

US firms (including IBM, AT&T, and Digital Equipment) are participating in a total of eight projects.

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The early stages of ESPRIT have revealed a number of problems the West Europeans will have to work out if the program is to be a success. The proposals in the computer software area, for example, were few in quantity and low in quality due to the apparent reluctance of European software companies to share information. This difficulty is likely to afflict other areas of ESPRIT, as well, since many of the firms supposedly cooperating with each other on ESPRIT projects are intense competitors outside the program.

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Another problem facing ESPRIT is that the political aspects of the program often outweigh the technological aspects. In the computer integrated manufacturing area, for instance, the goal appears to be providing existing technology to West European countries that are lagging behind rather than making advances at the cutting edge. Political considerations, furthermore, have determined some of the staffing decisions resulting in the hiring of several second-rate researchers.

The participation of non-European firms also has been a point of contention in ESPRIT. Although several US firms have been allowed to participate, many West Europeans wish to keep their role limited. ESPRIT officials did not permit Japan to join the computer integrated manufacturing part of the program. This decision, however, may also restrict the participation of some major West European firms with close links to the Japanese.

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